

EXHIBIT A

Fifth Monthly Fee Application for the Period

October 1, 2001 through October 31, 2001

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re: :
: Chapter 11
:
W.R. GRACE & CO., et al. : Case No. 01-01139 (JJF)
:
Debtors. : (Jointly Administered)
:
:
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FIFTH APPLICATION OF THE BLACKSTONE GROUP
L.P. AS FINANCIAL ADVISOR TO THE DEBTORS AND
DEBTORS IN POSSESSION FOR ALLOWANCE OF
COMPENSATION FOR ACTUAL AND NECESSARY SERVICES
RENDERED AND FOR REIMBURSEMENT OF ALL
ACTUAL AND NECESSARY EXPENSES INCURRED
(FOR THE PERIOD OCTOBER 1, 2001 THROUGH OCTOBER 31, 2001)

SUMMARY SHEET

Name of Applicant:	THE BLACKSTONE GROUP L.P.	
Authorized to Provide Professional Services to:	Debtors	
Date of Retention Order:	June 22, 2001, effective April 2, 2001	
Period for which Compensation and reimbursement is sought:	October 1, 2001 – October 31, 2001	
Amount of compensation sought as actual, reasonable and necessary:	<u>Total</u> \$175,000.00	<u>Less Holdback (@20%)</u> \$35,000.00
Amount of reimbursement of expenses sought as actual, reasonable and necessary:	\$5,042.39	

This is a x monthly interim final application

Summary Table:

Fee Application, Filing Date	Total Fees Requested	Amount of Holdback (20%)	Net Fees Requested	Total Expenses Requested	Objection Received/Deadline
First 4/2/2001 - 4/30/2001, 7/30/2001	\$169,166.67	\$33,833.33	\$135,333.33	\$0	None
First 5/1/2001 - 5/31/2001, 7/30/2001	\$175,000.00	\$35,000.00	\$140,000.00	\$984.00	None
First 6/1/2001 - 6/30/2001, 7/30/2001	\$175,000.00	\$35,000.00	\$140,000.00	\$6,679.95	None
Second 7/1/2001 - 7/31/2001, 8/27/2001	\$175,000.00	\$35,000.00	\$140,000.00	\$3,504.53	None
Third 8/1/2001 - 08/31/2001, 10/15/2001	\$175,000.00	\$35,000.00	\$140,000.00	\$16,124.84	None
Fourth 9/1/2001 - 09/30/2001	\$175,000.00	\$35,000.00	\$140,000.00	\$11,846.09	None
Fifth 10/1/2001 - 10/31/2001,	\$175,000.00	\$35,000.00	\$140,000.00	\$5,042.39	
TOTAL	\$1,219,166.67	\$243,833.33	\$975,333.33	\$44,181.80	

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In re:

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Debtors.

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(FOR THE PERIOD OCTOBER 1, 2001 THROUGH OCTOBER 31, 2001)

I. Background

The Blackstone Group L.P. ("Blackstone") respectfully represents as follows:

1. Blackstone is financial advisor to the above-captioned debtors and debtors in possession (collectively, the "Debtors").
2. On April 2, 2001 (the "Petition Date"), the Debtors filed a voluntary petition for reorganization under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101-1330 (as amended, the "Bankruptcy Code"). The Debtors continue to operate their business and manage their properties as debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.
3. On April 2, 2001, the Debtors applied to the Court for an order authorizing them to retain Blackstone pursuant to an engagement agreement dated February 15, 2001 (the "Engagement Agreement") as their financial advisor, effective as of the Petition Date.

4. On June 22, 2001, the Court entered an order (the "Retention Order") authorizing the Debtors to employ Blackstone as their financial advisor effective as of the Petition Date pursuant to the terms of the Engagement Agreement.

5. Pursuant to the Order Under 11 U.S.C. §§ 105 (a) and 331 Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Professionals and Official Committee Members ("Procedures"), Blackstone submits this fifth application (the "Fifth Application") for the monthly period October 1, 2001 through October 31, 2001 (the "Fifth Application Period").

6. Blackstone submits this Fifth Application (i) for allowance of reasonable compensation for actual and necessary professional services by it as financial advisor to the Debtors in these cases for the Fifth Application Period, and (ii) for reimbursement of actual and necessary expenses incurred in representing the Debtors during that same period. This Fifth Application is made pursuant to the provisions of sections 330 and 331 of the Bankruptcy Code, Rule 2016 of the Federal Rules of Bankruptcy Procedure, the Retention Order and Delaware Bankruptcy Local Rule 2016-2.

7. Professional services and expenses for which compensation and reimbursement are sought were rendered and expended on behalf of the Debtors pursuant to chapter 11 of the Bankruptcy Code. Blackstone believes it is appropriate that it be compensated for the time spent and be reimbursed for the expenses incurred in connection with these matters.

8. For the Fifth Application Period, Blackstone has provided professional services to the Debtors and incurred fees for such services totaling \$175,000.00. This represents Blackstone's monthly fee of \$175,000.00 for the period October 1, 2001 through October 31,

2001. For the Fifth Application Period, Blackstone has incurred actual and necessary expenses in connection therewith totaling \$5,042.39. With respect to these specific amounts, Blackstone has received no payments as of the date of the Fifth Application.

9. As was set out in the Application of the Debtors for Entry of an Order Pursuant to 11 U.S.C. §§ 327(a) and 328(a) and Fed. R. Bankr. P. 2014(a), 2016 and 5002 Authorizing the Employment and Retention of the Blackstone Group L.P. as Financial Advisor to the Debtors and Debtors in Possession (the "Retention Application"), Blackstone provided advisory services to the Debtors prior to the Petition Date. Specifically, Blackstone served as financial advisor to the Debtors since February 2001.

II. The Blackstone Engagement

10. On April 2, 2001, the Debtors applied to the Court for an order authorizing them to retain Blackstone pursuant to the Engagement Agreement as their financial advisor effective as of April 2, 2001, the petition date (the "Effective Date"). Specifically, Blackstone was retained as Financial Advisor to provide the following professional services:

- (a) Assist in the evaluation of the Debtors' businesses and prospects;
- (b) Assist in the development of the Debtors' long-term business plan;
- (c) Analyze the Debtors' financial liquidity and financing requirements;
- (d) Assist in the estimation of asbestos claims including the preparation of an estimation model for payments and costs and the analyses of payment and funding scenarios;
- (e) Evaluate the Debtors' debt capacity and alternative capital structures;
- (f) Develop valuation, debt capacity and recovery analyses in connection with developing and negotiating a potential Restructuring;

- (g) Analyze various restructuring scenarios and the potential impact of these scenarios on the value of the Debtor and the recoveries of stakeholders impacted by the Restructuring;
- (h) Develop a negotiating strategy and assist in negotiations with the Debtors' creditors and other interested parties with respect to a potential Restructuring;
- (i) Value securities offered by the Debtor in connection with a Restructuring;
- (j) Make presentations to the Debtors' Board of Directors, creditor groups or other interested parties, as appropriate;
- (k) Provide expert witness testimony, as requested; and,
- (l) Provide such other advisory services as are customarily provided in connection with the analysis and negotiation of a Restructuring, as requested and mutually agreed.

11. Pursuant to the Engagement Agreement, the Debtors agreed to pay Blackstone the following fees in consideration for services to be rendered:

- (a) A monthly advisory fee (the "Monthly Fee") in the amount of \$175,000, with the first payment of such Monthly Fee payable upon the effective date and additional installments of such Monthly Fee payable in advance on monthly anniversaries of the effective date; and
- (b) A \$5,000,000 Restructuring Fee paid upon consummation of a Restructuring (as defined in the Engagement Agreement).

Furthermore, pursuant to the Engagement Agreement, the Debtors agreed to reimburse Blackstone for the reasonable and documented out-of-pocket expenses incurred by Blackstone in rendering the services to be provided under the Engagement Agreement.

12. For financial advisory services provided to the Debtors during the Fifth Application Period, Blackstone respectfully requests (a) approval of \$180,042.39 consisting of (i) monthly fees in the amount of \$175,000.00 and (ii) reimbursement of out-of-pocket expenses in the amount of \$5,042.39; and (b) authorization for the Debtors to pay Blackstone's approved fees and expenses in the amount of \$145,042.39 consisting of (i) monthly fees in the net amount

of \$140,000.00, representing total monthly fees of \$175,000.00, less a 20% holdback pursuant to the interim compensation procedures, and (ii) out-of-pocket expenses referred to in (a) above.

III. The Blackstone Team

13. The financial services set forth above were performed primarily by Pamela Zilly – Senior Managing Director; Richard Shinder – Vice President; David Blechman – Associate; and Michael Alexander – Analyst:

- (a) Pamela Zilly: Pamela Zilly is a Senior Managing Director of Blackstone. Prior to joining Blackstone Ms. Zilly was a Vice President of Chemical Bank where she divided her time between the Mergers and Acquisitions Group and the Restructuring and Reorganization Group. Since joining Blackstone, Ms. Zilly has provided services to debtors and creditors in both formal and informal restructuring engagements.
- (b) Richard Shinder: Richard Shinder is a Vice President of Blackstone. Prior to joining Blackstone Mr. Shinder was a Vice President at Lehman Brothers in its Leveraged Finance group. He has worked on a number of debtor and creditor restructuring engagements since joining Blackstone in 2000.
- (c) David Blechman: David Blechman is an Associate of Blackstone. Mr. Blechman joined Blackstone in 2000 after receiving his M.B.A. with honors from Columbia Business School.
- (d) Michael Alexander: Michael Alexander is an Analyst of Blackstone. Mr. Alexander joined Blackstone in July 1999 after graduating from the McIntire School of Commerce at the University of Virginia.

IV. Summary – Fifth Monthly Fee Application

14. The major services provided by Blackstone during this compensation period have included: (i) assisting with negotiating confidentiality agreements with advisors to the Official Unsecured Creditors' Committee, the Asbestos Property Damages Committee and the Equity Committee; (ii) assisting with the performance of due diligence by these advisors; (iii) assisting the Debtors in the presentation of a business plan; (iv) providing quantitative and qualitative

analysis in support of the Debtors' planned acquisitions; (v) assisting the Debtors with structuring retention and incentive compensation plans in the Chapter 11 proceedings; (vi) analyzing the Debtors' legacy liabilities; (vii) assisting in the development of the Debtors' restructuring model; and (viii) providing general consultation and other bankruptcy and business advice.

15. Blackstone respectfully submits that the compensation requested for the Fifth Application Period for services rendered by Blackstone to the Debtors is fully justified and reasonable based upon (a) the time and labor required during the proceedings, (b) the complexity of the issues presented, (c) the skills necessary to perform the financial advisory services properly, (d) the preclusion of other employment, (e) the customary fees charged to clients in non-bankruptcy situations for similar services rendered, (f) time constraints required by the exigencies of the case, and (g) the experience, reputation and ability of the professionals rendering services.

16. Blackstone respectfully submits that the services it has rendered to the Debtors have been necessary and in the best interests of the Debtors and the estate and have furthered the goals of all parties in interest. Blackstone respectfully submits that under all of the criteria normally examined in Chapter 11 reorganization cases, the compensation requested by Blackstone is reasonable in light of the work performed by Blackstone to date in these cases.

17. The amount of the fees and expenses sought in this Fifth Application and Blackstone's billing processes are consistent with market practices in a bankruptcy context. Blackstone has never billed its clients based on the number of hours expended by its professionals. Accordingly, Blackstone does not have hourly rates for its professionals, and Blackstone's professionals generally do not maintain detailed time records of the work

performed for clients. In the Debtors' case, however, Blackstone has recorded time records in one-half hour increments. Time records of the approximately 300.50 hours expended by Blackstone professionals in providing financial advisory and investment banking services to the Debtors during the Fifth Application Period are provided in Exhibit A by professional.

18. Blackstone respectfully requests allowance of its out-of-pocket expenses incurred during the Fifth Application Period in connection with its performance of services for the Debtors in the aggregate amount of \$5,042.39. Due to the lag in receiving invoices from certain third-party service firms, Blackstone is unable, at this time, to account for all expenses incurred during the Fifth Application Period. Ensuing compensation periods will include certain out-of-pocket expenses incurred in the Fifth Application Period but not included in the Fifth Application for relief. Details of the expenses incurred during the Fifth Application Period are provided in Exhibit B. Blackstone's charges for expenses to the Debtors are determined in the same manner as for clients in non-bankruptcy matters. Out-of-pocket expenses incurred by Blackstone are charged to a client if the expenses are incurred for the client or are otherwise necessary in connection with services rendered for such particular client. Blackstone does not factor general overhead expenses into any disbursements charged to its clients in connection with Chapter 11 cases. Blackstone has followed its general internal policies with respect to out-of-pocket expenses billed to the Debtors as set forth below, with any exceptions specifically explained.

- (a) Blackstone's general policy permits its employees to bill lunch or dinner meals to a client if the employee is required to provide services to the client during such meal-time due to extreme time constraints. Blackstone employees are permitted to order meals in the office if the Blackstone employee is required to work after 8:00 p.m. Blackstone has voluntarily capped meal expenses at \$20.00 per meal.

- (b) Messengers, couriers, or overnight delivery are used by Blackstone to deliver hard copy documents relating to the client matter which require receipt on an expedited basis; otherwise, Blackstone uses the regular postal system. Any charges for either messengers, couriers, or overnight delivery are billed to a client at cost.
- (c) The outside financial research category consists of charges from outside services which supply, for a fee, financial documents to Blackstone. Financial research services generally consist of the retrieval of financial documents from regulatory agencies.
- (d) Blackstone bills photocopying charges at the rate of \$0.15 per page.
- (e) With respect to local travel, Blackstone's general policy enables employees to travel by private car service or taxi to and from meetings while rendering services to a client on a client related matter, for which the client is charged. This policy is based on Blackstone's determination that travel by private car service or taxi is the most efficient use of a professional's time. Blackstone employees are not permitted to charge personal commuting expenses to a client unless, for safety reasons, the employee is traveling after 9:00 p.m. and has been required to work late as a result of the time exigencies of that client's matters.
- (f) Blackstone bills its clients for time spent by its employees on its word processing system. The word processing system automatically allocates time to a client based upon the operator's "log-in" by a client matter number. Clients are charged at the personnel cost of \$70.00 per hour for the actual amount of time spent by the operator while rendering word processing services to the client; however, when word processing services are being used after normal business hours, the client is not billed for both an overtime charge and a word processing charge.
- (g) Blackstone bills outgoing facsimile charges at a rate of \$1.00 per page. Blackstone does not bill incoming facsimile charges.

19. Blackstone respectfully submits that the expenses for which it seeks allowance during the Fifth Application Period are necessary and reasonable both in scope and amount.

20. No prior application for the relief requested herein has been made.

21. All services for which compensation is requested by Blackstone were performed for and on behalf of the Debtors and not on behalf of any other person or stakeholder.

22. No agreement or understanding exists between Blackstone and any other entity for the sharing of compensation received or to be received for services rendered in or in connection with these proceedings.

23. Blackstone respectfully represents that its Fifth Application is in keeping with similar applications for the payment of administrative expenses in other cases.

Dated: New York, New York
November 28, 2001

THE BLACKSTONE GROUP L.P.
Financial Advisor to
W.R. Grace & Co.

By: 

Richard Shinder
Vice President
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New York, NY 10154
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EXHIBIT A

**THE BLACKSTONE GROUP L.P.
SUMMARY OF HOURS FOR W.R. GRACE AND CO.
OCTOBER 1, 2001 - OCTOBER 31, 2001**

Professional	Title	Hours
Pamela Zilly	Senior Managing Director	70.5
Richard Shinder	Vice President	97.0
David Blechman	Associate	63.0
Michael Alexander	Analyst	70.0
		<u>300.5</u>

THE BLACKSTONE GROUP L.P.
SUMMARY OF HOURS
OCTOBER 1, 2001 - OCTOBER 31, 2001

Professional	Date	Hours	Explanation
Pamela Zilly	10/01/01	0.5	Discussion with R. Shinder re: status of Project Chi
Pamela Zilly	10/01/01	1.5	Read Chi presentation analysis to financial advisors
Pamela Zilly	10/02/01	1.5	Read Rand analysis
Pamela Zilly	10/02/01	0.5	Discussion with R. Shinder re: 10/10 due diligence meeting, status of presentation materials
Pamela Zilly	10/03/01	0.5	Conference call on project Chi with P&M, CDG
Pamela Zilly	10/03/01	0.5	Review P&M Tax Information request
Pamela Zilly	10/04/01	2.0	Read informational briefs, court filings in related cases
Pamela Zilly	10/05/01	0.5	Review of confidentiality agreements and signees with R. Shinder
Pamela Zilly	10/05/01	0.5	Call with R. Shinder, F. Gilbert re: 10/10 meeting
Pamela Zilly	10/08/01	1.5	Review materials re: legacy liabilities
Pamela Zilly	10/08/01	1.0	Discussion with R. Shinder re: presentation of legacy liability issues
Pamela Zilly	10/09/01	1.0	Call with Grace management re: preparation for 10/10 meeting
Pamela Zilly	10/09/01	1.5	Review of legacy liability presentation, provide comments
Pamela Zilly	10/10/01	3.0	Travel to Columbia for meeting with Grace management and P&M
Pamela Zilly	10/10/01	5.0	Meeting with Grace management, P&M re: due diligence
Pamela Zilly	10/10/01	1.5	Meeting with D. Siegel re: case status
Pamela Zilly	10/10/01	1.0	Meeting with P. Norris re: case status; 10/4 meetings
Pamela Zilly	10/10/01	3.0	Travel to New York
Pamela Zilly	10/11/01	1.0	Review and provide comments to various correspondence between Grace and K&E re: tax request
Pamela Zilly	10/11/01	1.0	Call with Grace management, CDG re: financial results
Pamela Zilly	10/12/01	0.5	Review correspondence re: tax information requests
Pamela Zilly	10/12/01	0.5	Read motion re: Washington IRS settlement
Pamela Zilly	10/12/01	0.5	Discussion with R. Shinder re: 11/01 meeting, participants, presentation
Pamela Zilly	10/12/01	1.0	Call with B. Tarola, D. Siegel, K. Coughlan re: Equity Committee participation
Pamela Zilly	10/12/01	2.0	Review operating model re: conversion to restructuring model
Pamela Zilly	10/15/01	1.5	Discussion with R. Shinder re: outline of restructuring model
Pamela Zilly	10/15/01	2.0	Read August monthly report, analysis vs. prior reports
Pamela Zilly	10/17/01	1.5	Review list and relevant information re: chapter 11 update call
Pamela Zilly	10/17/01	1.5	Chapter 11 update call with P. Norris, D. Siegel, K. Coughlan, R. Tarola, M. Shelnitz, R. Shinder
Pamela Zilly	10/17/01	0.5	Discussion with J. Kapp re: post petition accruals
Pamela Zilly	10/17/01	0.5	Discussion with R. Shinder re: post petition accruals
Pamela Zilly	10/17/01	0.5	Discussion with F. Gilbert re: various financial issues
Pamela Zilly	10/18/01	1.5	Review list of open items, responses re: tax information requests
Pamela Zilly	10/18/01	1.0	Call with Grace management, P&M re: tax issues
Pamela Zilly	10/18/01	0.5	Follow up call with R. Shinder, F. Gilbert re: legacy liabilities

THE BLACKSTONE GROUP L.P.
SUMMARY OF HOURS
OCTOBER 1, 2001 - OCTOBER 31, 2001

Professional	Date	Hours	Explanation
Pamela Zilly	10/18/01	1.0	Various calls with J. Kapp re: tax issues, Strook correspondence
Pamela Zilly	10/19/01	0.5	Call with F. Gilbert re: Strook correspondence with K&E on tax issues
Pamela Zilly	10/19/01	1.0	Call with Kirkland & Ellis, Strook, Stook, Lavan, P&M re: tax issues due diligence
Pamela Zilly	10/19/01	1.5	Read industry, comp company operating results
Pamela Zilly	10/22/01	0.5	Discussion with R. Shinder re: Equity Committee participation
Pamela Zilly	10/23/01	0.5	Read correspondence re: P&M legacy information requests
Pamela Zilly	10/24/01	1.0	Review Business Plan errata information
Pamela Zilly	10/25/01	2.0	Read comp asbestos companies operating results
Pamela Zilly	10/26/01	0.5	Call with R. Shinder, K. Coghlan re: Equity Committee
Pamela Zilly	10/26/01	1.0	Call with D. Siegel, K. Coghlan re: Equity Committee participation
Pamela Zilly	10/26/01	0.5	Call with T. Weschler re: 11/01 meeting
Pamela Zilly	10/26/01	1.0	Provide to R. Shinder edits to confidentiality agreement
Pamela Zilly	10/26/01	1.0	Read 3rd Q release, review projections
Pamela Zilly	10/29/01	0.5	Call with R. Shinder, F. Gilbert re: 11/1 meeting
Pamela Zilly	10/29/01	2.0	Document review, discussions with parties re: bankruptcy cases update
Pamela Zilly	10/29/01	0.5	Call with K. Coghlan re: case status
Pamela Zilly	10/30/01	1.0	Chapter 11 update call with D. Siegel, P. Norris, B. Tarola, J. Kapp
Pamela Zilly	10/30/01	1.0	Read motion re: E. Warren, EPA settlement
Pamela Zilly	10/30/01	1.0	Review preliminary comp analysis
Pamela Zilly	10/30/01	1.0	Review and comment on updated asbestos case summaries
Pamela Zilly	10/31/01	1.0	Review presentation for 11/1 meeting
Pamela Zilly	10/31/01	2.0	Review preliminary comp analysis
Pamela Zilly	10/31/01	3.0	Travel to Columbia for 11/01/01 due diligence meeting
Pamela Zilly	10/31/01	1.5	Preparation of materials for Grace Board meeting

70.5

THE BLACKSTONE GROUP L.P.
SUMMARY OF HOURS
OCTOBER 1, 2001 - OCTOBER 31, 2001

Professional	Date	Hours	Explanation
Richard Shinder	10/01/01	0.5	Call with S. Zelac re: Chi
Richard Shinder	10/01/01	1.0	Review of P&M due diligence information request
Richard Shinder	10/01/01	0.5	Call with S. Cunningham and C. Whitney re: Chi, diligence information request
Richard Shinder	10/01/01	0.5	Call with F. Gilbert re: 10/10 P&M meeting
Richard Shinder	10/01/01	0.5	Meeting with P. Zilly re: Project Chi calls
Richard Shinder	10/02/01	0.5	Call with M. Brown re: diligence follow-up
Richard Shinder	10/02/01	0.5	Discussion with P. Zilly re: 10/10 meeting materials and list of open items
Richard Shinder	10/02/01	0.5	Chi preparation call with S. Zelac
Richard Shinder	10/03/01	0.5	Chi preparation call
Richard Shinder	10/03/01	1.5	Review of comparable company analysis
Richard Shinder	10/03/01	1.5	Conference call on Project Chi with P&M and CDG
Richard Shinder	10/03/01	0.5	Call with G. Boyer re: information request
Richard Shinder	10/04/01	1.0	Discussion with D. Blechman, M. Alexander re: CDG diligence request
Richard Shinder	10/05/01	1.0	Work on CDG diligence request
Richard Shinder	10/05/01	0.5	Call with P. Zilly, F. Gilbert re: P&M meeting on 10/10
Richard Shinder	10/05/01	1.0	Work on Project Chi questions
Richard Shinder	10/05/01	0.5	Review of committee Confidentiality Agreement status
Richard Shinder	10/05/01	0.5	Discussion with P. Zilly re: same
Richard Shinder	10/08/01	0.5	Calls with S. Zelac and G. Boyer re: Project Chi
Richard Shinder	10/08/01	1.5	Review of materials on legacy liabilities
Richard Shinder	10/08/01	0.5	Call with F. Gilbert re: P&M meeting, update calls, review of financial statements
Richard Shinder	10/08/01	1.0	Review of Grace fee application
Richard Shinder	10/08/01	1.0	Meeting with P. Zilly re: review of legacy liabilities
Richard Shinder	10/09/01	1.0	Call with D. Blechman, M. Alexander, F. Gilbert, M. Brown re: CDG diligence request
Richard Shinder	10/09/01	1.0	Call with Grace management (R. Tarola, K. Coghlan, E. Napoli-Filon, F. Gilbert, D. Siegel) preparation for P&M meeting 10/10
Richard Shinder	10/09/01	0.5	Call with F. Gilbert re: P&M meeting
Richard Shinder	10/09/01	2.0	Review of legacy liability materials from Grace (prep for P&M Meeting)
Richard Shinder	10/10/01	3.0	Transit to meeting with P&M/Grace leadership team - Columbia, MD
Richard Shinder	10/10/01	7.0	Meeting with P&M - due diligence on legacy liabilities w/ D. Siegel, R. Tarola, S. Farnsworth, F. Gilbert, M. Brown, P. Zilly
Richard Shinder	10/10/01	3.0	Transit from meeting with P&M/Grace leadership team - Columbia, MD
Richard Shinder	10/11/01	1.0	Monthly financial call with CDG
Richard Shinder	10/12/01	0.5	Call with G. Boyer re: Chi committee presentation
Richard Shinder	10/12/01	0.5	Discussion with P. Zilly re: 11/01 meeting
Richard Shinder	10/12/01	1.0	Call on Equity Committee meeting w/ D. Siegel, R. Tarola, K. Coghlan, P. Zilly
Richard Shinder	10/12/01	0.5	Call with L. Tersigni re: 11/1 meeting, Confidentiality Agreement

THE BLACKSTONE GROUP L.P.
SUMMARY OF HOURS
OCTOBER 1, 2001 - OCTOBER 31, 2001

Professional	Date	Hours	Explanation
Richard Shinder	10/12/01	1.0	Work on fee application
Richard Shinder	10/12/01	1.0	Work on P&M/Stroock & Stroock information request
Richard Shinder	10/15/01	0.5	Call with Gilbert re: tax issues raised by P&M
Richard Shinder	10/15/01	1.0	Compose e-mails re: Project Betty acquisition; committee call
Richard Shinder	10/15/01	2.0	Review of operating model; discussion with P. Zilly re same
Richard Shinder	10/16/01	0.5	Call with S. Cunningham re: legacy liabilities
Richard Shinder	10/17/01	1.5	Bi-weekly Chapter 11 update call with P. Norris, D. Siegel, K. Coghlan, R. Tarola, M. Shelnitz (w/P. Zilly)
Richard Shinder	10/17/01	0.5	Call with F. Gilbert re: preparation for CDG meeting on legacy liabilities
Richard Shinder	10/17/01	0.5	Discussion with P. Zilly re: post-petition accruals
Richard Shinder	10/18/01	1.0	Call with P&M on tax reserves and other liability reserves
Richard Shinder	10/18/01	0.5	Follow-up call with P. Zilly, F. Gilbert on legacy liabilities
Richard Shinder	10/18/01	0.5	Call to T. Weschler re: Equity Committee, 11/1 meeting
Richard Shinder	10/18/01	1.0	Prepare materials and mailing to Equity Committee
Richard Shinder	10/18/01	1.0	Work on CDG information request
Richard Shinder	10/19/01	0.5	Call with K. Coghlan re: Projects Pi, Chi, Rainbow
Richard Shinder	10/19/01	1.0	Call with OCC advisors/counsel (P&M, Stroock & Stroock) re: reserves information requests
Richard Shinder	10/19/01	1.5	Review of comparable company operating results
Richard Shinder	10/19/01	1.0	Call with S. Zelac re: Projects Pi, Rainbow
Richard Shinder	10/22/01	3.0	Transit to meeting with CDG/Grace leadership team - Columbia, MD
Richard Shinder	10/22/01	6.0	Meeting with CDG - due diligence on legacy liabilities w/ D. Siegel, R. Tarola, E. Filon, F. Gilbert, M. Brown, D. Blechman
Richard Shinder	10/22/01	0.5	Discussion with P. Zilly re: Equity Committee participation
Richard Shinder	10/22/01	3.5	Transit from meeting with P&M/Grace leadership team - Columbia, MD
Richard Shinder	10/23/01	2.0	Review of CDG due diligence scorecard and status update
Richard Shinder	10/23/01	0.5	Call with F. Gilbert re: P&M follow-up diligence
Richard Shinder	10/23/01	0.5	Memo on P&M follow-up diligence
Richard Shinder	10/23/01	1.0	Work on fee application
Richard Shinder	10/23/01	1.0	Meeting with D. Blechman re: model
Richard Shinder	10/24/01	0.5	Call with F. Gilbert re: 11/1 meeting
Richard Shinder	10/24/01	0.5	Call with T. Weschler re: 11/1 meeting
Richard Shinder	10/24/01	1.0	Work on business plan errata sheet w/M. Alexander
Richard Shinder	10/25/01	1.5	Review of financial model
Richard Shinder	10/25/01	1.0	Call re: 11/1 meeting logistics with F. Gilbert
Richard Shinder	10/25/01	0.5	Call with L. Tersigni re: Confidentiality Agreement, 11/1 meeting, Project Chi
Richard Shinder	10/26/01	0.5	Call with P. Zilly, K. Coghlan re: 11/1 meeting logistics/Equity Committee issues
Richard Shinder	10/26/01	1.0	Call with D. Siegel, K. Coghlan, P. Zilly re: Equity Committee issues, 11/1 meeting

THE BLACKSTONE GROUP L.P.
SUMMARY OF HOURS
OCTOBER 1, 2001 - OCTOBER 31, 2001

Professional	Date	Hours	Explanation
Richard Shinder	10/26/01	0.5	Call with T. Weschler re: Confidentiality Agreement, 11/1 meeting w/ P. Zilly
Richard Shinder	10/26/01	1.0	Work on Equity Committee Confidentiality Agreement with P. Zilly, S. Schwartz (K&E)
Richard Shinder	10/26/01	0.5	Call with L. Davis, Caplin and Drysdale re: 11/1 meeting
Richard Shinder	10/29/01	0.5	Call with P. Zilly, F. Gilbert re: 11/1 meeting
Richard Shinder	10/29/01	0.5	Call with S. Zelac re: Project Citi
Richard Shinder	10/29/01	0.5	Call with T. Weschler re: Equity Committee CA
Richard Shinder	10/29/01	1.0	Discussion of Isolatek bankruptcy call/review with D. Blechman
Richard Shinder	10/30/01	1.5	Review of compensation analysis
Richard Shinder	10/30/01	1.5	Review of bankruptcy journal update
Richard Shinder	10/30/01	1.5	Bi-weekly Chapter 11 update call with P. Norris, D. Siegel, R. Tarola, K. Coghlan, M. Shelnitz (w/P. Zilly)
Richard Shinder	10/30/01	0.5	Call with F. Gilbert re: CDG retention and fee application
Richard Shinder	10/31/01	0.5	Call with T. Weschler re: 11/1 meeting
Richard Shinder	10/31/01	0.5	Call with S. Cunningham re: tax questions follow-up
Richard Shinder	10/31/01	0.5	Call with F. Gilbert re: 11/1 meeting
Richard Shinder	10/31/01	2.0	Review of recent financial results
Richard Shinder	10/31/01	1.0	Review of Grace business plan presentation materials
Richard Shinder	10/31/01	0.5	Review of Federal-Mogul bankruptcy update
Richard Shinder	10/31/01	3.0	Transit to Columbia, MD for presentation of Business Plan to Equity and Bodily Injury Committees (on 11/1)
		<u>97.0</u>	

THE BLACKSTONE GROUP L.P.
SUMMARY OF HOURS
OCTOBER 1, 2001 - OCTOBER 31, 2001

Professional	Date	Hours	Explanation
David Blechman	10/02/01	1.0	Reviewed due diligence request with M. Alexander
David Blechman	10/03/01	1.0	Reviewed CDG/P&M due diligence items
David Blechman	10/03/01	1.5	Conference call on Project Chi
David Blechman	10/04/01	3.0	Reviewed due diligence materials, discussion w/R. Shinder re same
David Blechman	10/04/01	1.0	Discussion with R. Shinder, M. Alexander re due diligence materials
David Blechman	10/07/01	1.5	Work on fee application
David Blechman	10/08/01	0.5	Call with company re: 10/10 due diligence mtg with P&M, other due diligence issues
David Blechman	10/08/01	2.0	Prepared draft response to CDG due diligence response, sent to F. Gilbert
David Blechman	10/08/01	0.5	Call with F. Gilbert re same
David Blechman	10/09/01	2.0	Review materials re COLI, legacy liabilities
David Blechman	10/09/01	1.0	Call w/company re: 10/10 meeting with P&M
David Blechman	10/09/01	1.0	Call with R. Shinder, M. Alexander, F. Gilbert and M. Brown re: CDG due diligence response
David Blechman	10/17/01	1.5	Bi-weekly Ch. 11 update call
David Blechman	10/17/01	0.5	Call with R. Shinder, F. Gilbert re preparation for CDG meeting on legacy liabilities
David Blechman	10/18/01	1.0	Call with P&M re: due diligence items
David Blechman	10/18/01	1.5	Work on CDG information request
David Blechman	10/22/01	3.0	Transit to meeting with CDG, company
David Blechman	10/22/01	6.0	Due diligence meeting with CDG, company
David Blechman	10/22/01	3.5	Transit from meeting with CDG, company
David Blechman	10/23/01	1.0	Meeting with R. Shinder re: operating model
David Blechman	10/23/01	3.0	Meeting with M. Alexander re financial model
David Blechman	10/23/01	3.0	Prepared materials for CDG due diligence
David Blechman	10/23/01	2.0	Work on fee application
David Blechman	10/24/01	2.0	Review Isolatek bankruptcy materials
David Blechman	10/24/01	3.0	Work with M. Alexander re financial model
David Blechman	10/24/01	1.0	Review business plan errata sheet w/M. Alexander, R. Shinder
David Blechman	10/29/01	3.0	Review Isolatek bankruptcy materials, call with B. Downy, M. Alexander re same
David Blechman	10/29/01	1.0	Discussion of Isolatek bankruptcy call/review with R. Shinder
David Blechman	10/29/01	2.0	Review update log of asbestos-related bankruptcies
David Blechman	10/29/01	1.0	Discussion with M. Alexander re same
David Blechman	10/30/01	1.5	Bi-weekly update call with company management and counsel
David Blechman	10/30/01	4.0	Review recent financial results
David Blechman	10/31/01	2.5	Review of Grace business plan presentation materials for R. Shinder

63.0

THE BLACKSTONE GROUP L.P.
SUMMARY OF HOURS
OCTOBER 1, 2001 - OCTOBER 31, 2001

Professional	Date	Hours	Explanation
Michael Alexander	10/02/01	1.0	Reviewed due diligence request with D. Blechman
Michael Alexander	10/02/01	2.0	Perform comparable company analysis
Michael Alexander	10/03/01	1.5	Conference call on Project Chi
Michael Alexander	10/04/01	2.5	Reviewed due diligence materials
Michael Alexander	10/04/01	3.0	Continue comparable company analysis
Michael Alexander	10/04/01	1.0	Discussion with R. Shinder, D. Blechman re. due diligence materials
Michael Alexander	10/09/01	2.5	Review legacy liabilities and COLI information
Michael Alexander	10/09/01	1.0	Call with R. Shinder, D. Blechman, F. Gilbert and M. Brown re: CDG due diligence response
Michael Alexander	10/17/01	1.5	Bi-weekly Ch. 11 update call
Michael Alexander	10/17/01	3.0	review operating model re: changes for restructuring model
Michael Alexander	10/17/01	2.0	Comparable company analysis
Michael Alexander	10/23/01	3.5	Worked on fee application
Michael Alexander	10/23/01	3.0	Prepared materials for CDG due diligence
Michael Alexander	10/23/01	3.0	Meeting with D. Blechman re financial model
Michael Alexander	10/24/01	2.5	Work with D. Blechman re same
Michael Alexander	10/24/01	1.0	Work with R. Shinder re: corrections to business plan
Michael Alexander	10/24/01	1.0	Review business plan errata sheet w/D. Blechman, R. Shinder
Michael Alexander	10/24/01	2.5	Compile and review Isolatek bankruptcy materials
Michael Alexander	10/25/01	1.0	Call with S. Farnsworth re: corrections to business plan
Michael Alexander	10/25/01	5.5	Made corrections to business plan
Michael Alexander	10/29/01	2.0	Review Isolatek bankruptcy materials
Michael Alexander	10/29/01	1.5	Call with B. Downey, D. Blechman re. Isolatek bankruptcy
Michael Alexander	10/29/01	2.5	Drafted errata sheet for business plan
Michael Alexander	10/29/01	1.0	Discussion with D. Blechman re update log of asbestos bankruptcies
Michael Alexander	10/29/01	3.5	Updated compensation analysis
Michael Alexander	10/30/01	4.0	Read source materials and compiled information for log of asbestos bankruptcies
Michael Alexander	10/30/01	5.0	Updated log of asbestos bankruptcies
Michael Alexander	10/30/01	1.5	Bi-weekly update call with company management and counsel
Michael Alexander	10/31/01	3.5	Reviewed Federal Mogul bankruptcy materials
Michael Alexander	10/31/01	1.5	Updated compensation analysis
		<u>70.0</u>	

EXHIBIT B

W.R. GRACE
Expense Detail
Processed Through
October 31, 2001
2590-T

Word Processing

Alexander	9/1-30/01	135.33	
Alexander	9/1-30/01	354.67	
Blechman	9/1-30/01	4.67	
Blechman	9/1-30/01	463.17	
Subtotal - Word Processing			\$ 957.84

Airfare

Blechman	07/27/01	204.25	
Blechman	08/02/01	(202.75)	
Subtotal - Airfare			1.50

Car ServicesCompany Car

Document Production	08/15/01	78.98	
Document Production	08/16/01	20.40	
Document Production	08/23/01	23.46	
Document Production	08/23/01	29.58	
Document Production	08/26/01	78.98	
Document Production	08/27/01	68.78	
Document Production	08/28/01	33.66	
Document Production	08/30/01	23.46	
Publishing Services	08/17/01	21.42	
Publishing Services	09/04/01	63.12	
Publishing Services	09/04/01	83.50	
Publishing Services	09/05/01	67.20	
Publishing Services	09/06/01	23.46	
Publishing Services	09/14/01	33.66	
Subtotal - Company Car			649.66

Elite

Alexander	08/24/01	52.50
Alexander	09/04/01	32.11
Alexander	09/05/01	29.56
Blechman	08/22/01	26.50
Blechman	08/28/01	21.41
Blechman	08/29/01	53.01

W.R. GRACE
Expense Detail
Processed Through
October 31, 2001
2590-T

Blechman	09/04/01	22.43	
Office Services	08/24/01	33.64	
Otero	09/04/01	45.87	
Otero	09/05/01	20.39	
Otero	09/05/01	48.42	
Otero	09/05/01	68.30	
Otero	09/05/01	174.32	
Otero	09/06/01	22.43	
Otero	09/06/01	22.43	
Otero	09/06/01	40.27	
Otero	09/06/01	148.53	
Otero	09/04/04	48.42	
Otero	09/04/04	48.42	
Shinder	08/31/01	24.47	
Shinder	09/04/01	32.11	
Shinder	09/05/01	24.47	
Shinder	09/10/01	29.56	
Shinder	09/17/01	21.41	
	Subtotal - Elite		1,090.98

<u>Vital</u>			
De Almeida	09/16/01	49.98	
	Subtotal - Vital		49.98

Subtotal - Car Services 1,790.62

<u>Travel/Local</u>		
Shinder	05/02/01	15.00
Shinder	06/13/01	15.00
Shinder	06/14/01	26.00
Shinder	06/18/01	12.50
Shinder	06/20/01	12.50
Shinder	06/20/01	12.50
Shinder	06/22/01	11.90
Shinder	06/25/01	13.10
Shinder	06/27/01	28.00
Shinder	07/11/01	27.00

W.R. GRACE
Expense Detail
Processed Through
October 31, 2001
2590-T

Shinder	07/13/01	6.50	
Shinder	07/13/01	9.40	
Shinder	08/01/01	12.70	
Shinder	08/09/01	12.80	
Shinder	09/05/01	12.20	
Shinder	09/06/01	11.90	
Shinder	09/13/01	30.00	
Subtotal - Travel/Local			269.00

Other Auto

Blechman	07/27/01	191.00	
Blechman	08/14/01	401.00	
Subtotal - Other Auto			592.00

Meals

Blechman	08/01/01	13.74	
Blechman	08/08/01	20.00	
Blechman	08/14/01	13.72	
Blechman	08/23/01	13.48	
Blechman	08/28/01	20.00	
Blechman	08/28/01	20.00	
Document Production	08/23/01	8.48	
Document Production	08/23/01	8.49	
Document Production	08/28/01	12.07	
Shinder	06/25/01	18.92	
Zilly	09/05/01	312.30	
Zilly	09/06/01	375.08	
Subtotal - Meals			836.28

Lodging

Blechman	08/16/01	260.42	
Subtotal - Lodging			260.42

Communications**Fax**

Bolger	Aug-01	15.00	
Subtotal - Fax			15.00

W.R. GRACE
Expense Detail
Processed Through
October 31, 2001
2590-T

Federal Express

Alexander	08/30/01	33.92	
Alexander	08/31/01	26.96	
Alexander	09/07/01	24.71	
Alexander	09/20/01	18.54	
Alexander	09/27/01	42.51	
Blechman	10/04/01	16.96	
Shinder	09/19/01	12.67	
Shinder	10/12/01	14.71	
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Subtotal - Federal Express			190.98

Messenger - EDM

Blechman	10/05/01	8.75	
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Subtotal - Messenger - EDM			8.75

Subtotal - Communications			214.73
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Photocopying

Diggs	10/15-19/01	3.60	
Zilly	10/01-05/01	33.60	
Zilly	10/01-05/01	82.80	
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Subtotal - Photocopying			120.00

Total Expenses		\$ 5,042.39	
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